

Community Development Financing Mechanisms

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Economic Development Targets



Community Development Goals

- ▶ Community development seeks to empower individuals and groups of people by providing the skills they need to affect change in their own communities.
 - Responsive products and services
 - Economic Inclusion
 - Redevelopment and revitalization
 - Financial Stability
 - Sustainability

Community Development Financial Tools

- ▶ Subsidies
- ▶ Tax Credits
- ▶ Grants
- ▶ Individual Development Accounts
- ▶ Loans
- ▶ Mainstream Banking
- ▶ Loan Pools
- ▶ Loan Funds
- ▶ Micro lending
- ▶ Equity Investments
- ▶ Guarantees
- ▶ Bonds
- ▶ Com Dev Financial Institutions

Financial Education

Consumer

Capacity Building

Institutional

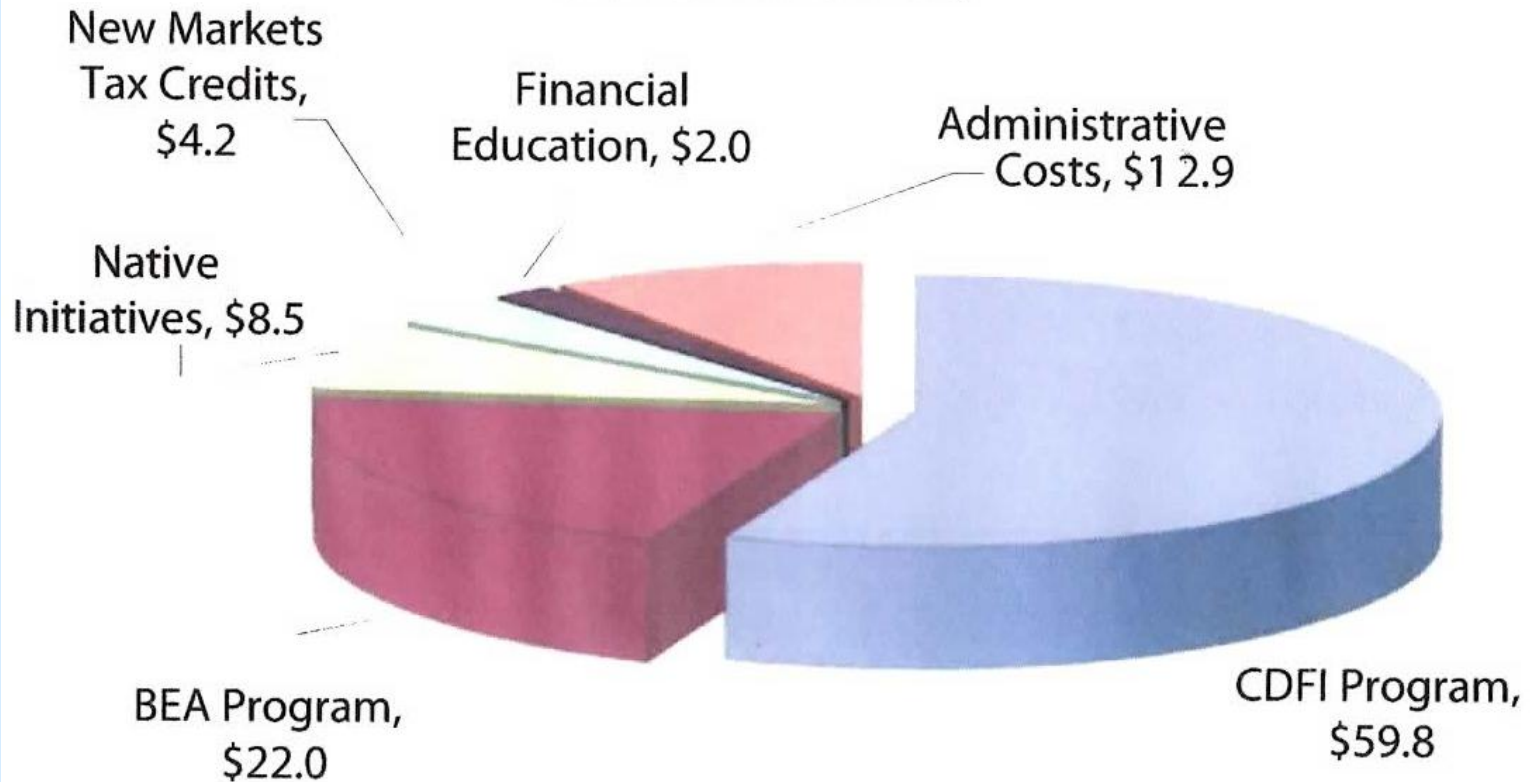
Totals of Certified CDFIs and CDEs 1997 – 2009

End of FY	CDFIs	CDEs
1997	190	
1998	262 -	
1999	334 -	
2000	415 -	
2001	468	1
2002	625	541
2003	694	1,184
2004	728	1,585
2005	752	1,954
2006	762	2,294
2007	778	2,680
2008	808	3,434
2009	798	3,938

CDEs are headquartered in 49 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands. CDFIs are headquartered in all 50 states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands.

CDFI Funding Breakdown

Amounts Funded in FY 2009 (amounts in millions)



Source:

<http://www.cdfifund.gov/docs/2010/cdfi/Performance-and-Accountability-Report-FY-2009.pdf>

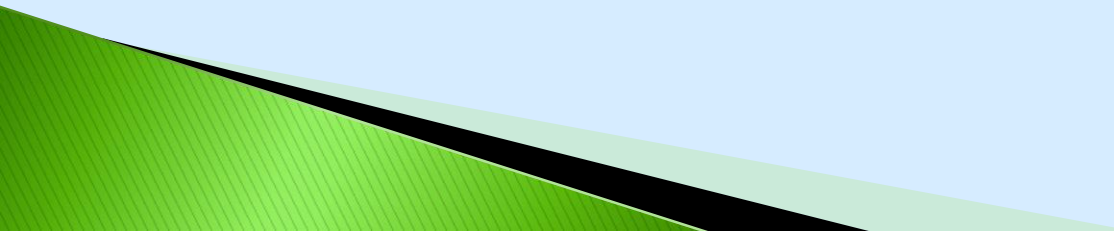
Development Delivery Network

<p><u>Federal Government</u></p> <p>Housing Development Housing Affordability Housing Special Needs Small Business Guarantees Minority/Small Business Procurement Trade Financing/Subsidy Transportation Infrastructure Tax Credits Regulation Health & Welfare</p> <p>Direction & Regulation</p>	<p><u>State/Municipal Government</u></p> <p>Incentives Tax Abatement Tax Credits Economic Development Regulation Education Social Services</p> <p>Prioritization & Coordination</p>
<p><u>Private Market</u></p> <p>Developers Investors Lenders Financial Institutions Syndicators Corporations</p> <p>Leadership & Leverage</p>	<p><u>Non-Profit</u></p> <p>Social Services Financial Counseling Intermediary Neighborhood Revitalization Education Re-training Advocacy</p> <p>Culture & Connection</p>

Community Development Challenges

- ▶ Many participants / programs
- ▶ Coordination of program eligibility criteria
- ▶ Less than effective sustainability / growth
- ▶ Leveraging of public money with private funds
- ▶ Lack of integration / inclusion
- ▶ Lack of flexibility from funders
- ▶ Transient populations / Gentrification
- ▶ Cultural preferences

Role of CDFIs

- ▶ Assessment of need
 - ▶ Development of responsive products
 - ▶ Coordination and leverage of resources
 - ▶ Accountability
 - ▶ Market development
 - ▶ Financial stability
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Accountability

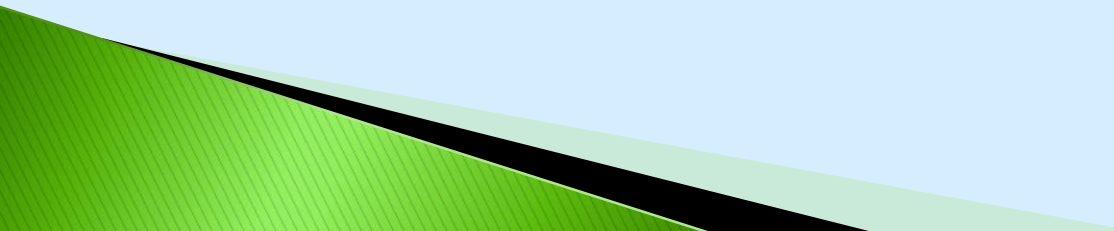
- ▶ 2004 created Institution Level Report and Transaction Level Report
- ▶ Business plans set goals and objectives
- ▶ Boards include community and financial industry professionals
- ▶ Renewed or expanded funding requires re-evaluation

Social & Economic Impact

- ▶ Loan volume and performance
- ▶ Deposit balances
- ▶ Generation of additional investment in area

- ▶ Increased mainstream banking activity
- ▶ Mitigation of environmental risk of target market
- ▶ Increased wealth and stability of population

Future CDFI and Development Focus

- ▶ Education and mentoring
 - ▶ Standardized performance data
 - ▶ Simplification of funding process (layering funds)
 - ▶ Increased lending activity
 - ▶ Better measurement of unmet needs and market potential
 - ▶ Secondary market to provide liquidity and sustainability
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More Information

- ▶ CDFI Fund, US Department of Treasury
<http://www.cdfifund.gov/>
- ▶ Opportunity Finance Network
<http://www.opportunityfinance.net/>
- ▶ International Economic Development Council
<http://www.iedconline.org/>
- ▶ Federal Reserve Bank of Atlanta
www.frbatlanta.org

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